

Message Text

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15

ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 ISO-00 AGR-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00

CIEP-01 FRB-03 OMB-01 L-03 ITC-01 AGRE-00 IO-13 /078 W

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R 222215Z SEP 76

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 2268

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY LONDON

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMCONSUL RIO DE JANEIRO

AMEMBASSY SAN JOSE

AMEMBASSY TANANARIVE

AMEMBASSY TEGUCIGALPA

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E.O. 11652:N/A

TAGS: ETRD, EAGR, BR, ES

SUBJECT: US VIEWS ON BRASILIAN PURCHASES

REF: STATE 230416

1. EMBOFF CALLED ON SALVADORAN COFFEE COMPANY (COSCAFE)

DIRECTOR FALLA CACERES SEPTEMBER 22 AND EMPHASIZED US

DETERMINATION THAT SALES TO OTHER PRODUCING COUNTRIES WILL
NOT COUNT IN DETERMING BASIC QUOTA OF SELLING COUNTRY
UNDER COFFEE AGREEMENT. FALLA CACERES SAID HE WAS AWARE
OF THIS US POSITION AND BECAUSE OF THIS ISSUE WOULD
PERSONALLY REPRESENT EL SALVADOR SEPT 27 - OCT 1 ICO
COFFEE COUNCIL MEETING.

2. FALLA CACERES TOOK POSITION THAT THERE WERE PRECEDENTS

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UNDER FORMER COFFEE AGREEMENT FOR COUNTING SUCH EXPORTS,

NOTABLY THE USE OF "RE-EXPORT CERTIFICATES" FOR COFFEE SHIPPED FROM ONE MEMBER COUNTRY TO ANOTHER FOR PROCESSING AND RE-EXPORT TO THE FIRST COUNTRY. HE CITED CASE OF FOLGERS EXPORTS OF SALVADORAN GREEN COFFEE TO WEST GERMANY FOR DECAFFEINIZATION AND SUBSEQUENT RETURN TO US UNDER "RE-EXPORT CERTIFICATE" ISSUED IN WEST GERMANY. FOLGERS REPORTEDLY USED THIS PROCEDURE TO PROTECT ITS COMPETITIVE POSITION IN DECAFFEINATED MARKET AGAINST OTHER US ROASTERS AT TIME WHEN DECAFFEINIZATION TECHNOLOGY WAS UNDERGOING RAPID CHANGE AND FOLGERS WAS UNWILLING AS YET TO INVEST IN SPECIFIC TECHNOLOGY. FURTHER, ACCORDING TO FALLA CACERES, MEXICANS ARE CURRENTLY EXPORTING COFFEE TO WEST GERMANY FOR PROCESSING TO SOLUBLE AND RETURN TO MEXICO IN ORDER TO DEVELOP MEXICAN CONSUMER ACCEPTANCE OF PRODUCT PRIOR TO INVESTING IN LOCAL PRODUCTION FACILITIES.

3. FALLA CACERES MAINTAINED THAT IT WOULD BE TECHNICALLY FEASIBLE TO TRACK RE-EXPORTS FROM PRODUCING COUNTRIES AND THAT SUCH A SYSTEM COULD BE DEvised EASILY IF THERE IS A WILL TO DO SO.

LOZANO

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 22 SEP 1976
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Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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Review Content Flags:
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